

Message Text

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ORIGIN MMO-02

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FM SECSTATE WASHDC

TO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY MUSCAT

AMEMBASSY SANA

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STADIS//////////

E.O. 11652:N/A

TAGS: EAGR, XF

SUBJECT: MODE - AGRICULTURE/FAS PROPOSAL TO ASSIGN AN
AGRICULTURAL ATTACHE IN THE ARABIAN PENINSULA BEGINNING
FY 77

1. DEPARTMENT OF AGRICULTURE (USDA) HAS FORWARDED TO US
EXCERPTS FROM ITS FY 77 BUDGET PROPOSAL, WHICH INTER ALIA
CALLS FOR ESTABLISHING A REGIONAL UNIT (OFFICER AND
SECRETARY) FOR THE FOREIGN AGRICULTURAL SERVICE (FAS) IN
THE ARABIAN PENINSULA (COUNTRY TO BE DETERMINED). REGIONAL
UNIT WOULD COVER SAUDI ARABIA, KUWAIT, BAHRAIN, UNITED ARAB
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EMIRATES, OMAN, QATAR, YEMEN ARAB REPUBLIC AND PDR YEMEN
(FOR REPORTING PURPOSES ONLY).

2. SUBJECT TO OBTAINING COMMENTS BY ADDRESSEE POSTS, NEA
AND EB BUREAUS IN DEPARTMENT BASICALLY SUPPORT THE FAS PRO-

POSAL, PROVIDING THE ATTACHE WILL SPEND GREAT MAJORITY OF HIS TIME ON MARKET DEVELOPMENT AND SELLING (THERE BEING LITTLE TO REPORT). OTHER PURPOSE OF THIS MESSAGE IS TO REQUEST YOUR VIEWS ON THE LOCATION FOR MAXIMUM EFFECTIVENESS OF SUCH A UNIT (FAS FAVORS KUWAIT, EB BUREAU SUGGESTS JIDDA).

3. JUSTIFICATION FOR THE PROPOSAL, PREPARED BY USDA,

STATES IN PART QUOTE - TRIGGERED BY NEW-FOUND OIL WEALTH, THE COUNTRIES OF THE ARABIAN PENINSULA HAVE SUDDENLY LOOMED AS SIGNIFICANT MARKETS FOR U.S. AGRICULTURAL COMMODITIES. U.S. AGRICULTURAL EXPORTS TO THE PENINSULA INCREASED 77 PERCENT IN 1974, REACHING A TOTAL OF U.S. 157.7 MILLION DOLLARS. IT NOW APPEARS THAT THIS WAS ONLY A BEGINNING. EXPORTS IN 1975 ARE EXPECTED TO REACH 200.0 MILLION DOLLARS, AND WITH ENCOURAGEMENT THROUGH AGRICULTURAL ATTACHE DIRECTED MARKET PROMOTION ACTIVITIES EXPORTS TO THESE MARKETS COULD EXCEED 300.0 MILLION DOLLARS WITHIN A FEW YEARS.

IN ADDITION TO THEIR IMPORTANCE AS MARKETS FOR U.S. AGRICULTURAL COMMODITIES; THE COUNTRIES OF THE ARABIAN PENINSULA ARE BROADLY INFLUENCING AGRICULTURAL POLICY BY THE INVESTMENT OF PETRO-DOLLARS IN OTHER COUNTRIES, ESPECIALLY IN AFRICA AND THE WESTERN HEMISPHERE. THESE COUNTRIES ARE ALSO ACCELERATING THEIR OWN AGRICULTURAL DEVELOPMENT EFFORTS BY ENGAGING EXPERTS FROM THE INDUSTRIALIZED WORLD. THE RISING INVESTMENT BEING MADE IN AGRICULTURE WILL UNDOUBTEDLY CHANGE THEIR ECONOMIES MARKEDLY OVER THE NEXT FEW YEARS.

TO VIGOROUSLY PROMOTE AMERICAN AGRICULTURAL EXPORTS AND AGRICULTURAL DEVELOPMENT PROGRAMS, THE DEPARTMENT OF AGRICULTURE PROPOSES TO ASSIGN AN AGRICULTURAL ATTACHE TO THE AMERICAN EMBASSY IN KUWAIT, WITH REGIONAL RESPONSIBILITY FOR THE OTHER COUNTRIES OF THE ARABIAN PENINSULA.
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THE ATTACHE COULD BE POSTED IN KUWAIT, SAUDI ARABIA, OR BAHRAIN. KUWAIT IS BEST FOR A NUMBER OF REASONS, THE MAJOR ONE BEING ITS CENTRAL LOCATION WITH REGARD TO THE OTHER COUNTRIES TO BE COVERED IN THE REGION. ALSO, IT IS RAPIDLY BECOMING THE FINANCIAL, COMMERCIAL AND CULTURAL CENTER FOR LESS DEVELOPED COUNTRIES OF THE ARABIAN PENINSULA, IN STRONG COMPETITION WITH SAUDI ARABIA. U.S. AGRICULTURAL EXPORTS TO KUWAIT INCREASED FROM 8.7 MILLION DOLLARS IN 1973 TO 21.3 MILLION DOLLARS IN 1974. KUWAIT IS FAVORED AS A BASE OF OPERATION OVER OTHER ARAB COUNTRIES BECAUSE IT HAS A COSMOPOLITAN ATMOSPHERE, CIVIL LAW RATHER THAN SHARIA (MOSLEM LAW) AND GOOD CULTURAL ENVIRONMENT FOR AMERICANS. STRICT MOSLEM CUSTOMS ARE NOT IMPOSED ON FOREIGNERS AS

THEY ARE IN SAUDI ARABIA. IT HAS A BUSY, MODERN AIRPORT WITH COMPARATIVELY GOOD CONNECTIONS WITH OTHER COUNTRIES ON THE PENINSULA. KUWAIT'S ECONOMIC POLICIES FAVORING WIDE DISTRIBUTION OF PETROLEUM WEALTH ARE NOW BEING FOLLOWED BY NEIGHBORING COUNTRIES.

THE ATTACHE WOULD SPEND MOST OF HIS TIME ON MARKET DEVELOPMENT ACTIVITIES. MUCH OF THIS WORK, OF COURSE, WOULD NOT NECESSARILY BE EXCLUSIVE OF GATHERING COMMODITY AND OTHER AGRICULTURAL INFORMATION. THE ATTACHE'S PRIMARY ROLE WOULD BE TO SERVE AS MARKET DEVELOPMENT PLANNER AND EXPEDITOR. THE ARABIAN MARKETING SYSTEM IS LITTLE KNOWN TO MOST AMERICAN BUSINESSMEN. THE ATTACHE WOULD SERVE AS AN ADVISOR TO THE MANY U.S. FIRMS ATTEMPTING TO DO BUSINESS IN THE AREA. HE WOULD TRAVEL WIDELY THROUGH-OUT THE REGION TO DEVELOP AND MAINTAIN FIRST-HAND KNOWLEDGE OF PRODUCTION AND MARKETING CONDITIONS. END QUOTE

4. ACTION REQUESTED. WOULD APPRECIATE RECEIVING BY AUGUST 6 COMMENTS BY ACTION ADDRESSEES CONCERNING MERITS OF THE USDA PROPOSAL, TO INCLUDE TIMING OF ASSIGNING AN ATTACHE, ANY ESSENTIAL QUALIFICATIONS HE SHOULD HAVE, VIEWS CONCERNING LOCATION FOR OPTIMUM EFFECTIVENESS, AND ANY ADMINISTRATIVE SUPPORT PROBLEMS FORESEEN. COMMENTS BY ADDRESSEES WILL ALSO BE WELCOME. INGERSOLL

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